

SENATE BILL No. 205

DIGEST OF INTRODUCED BILL

Citations Affected: IC 36-7-4-616.1.

Synopsis: Development of affordable housing. Requires a local zoning ordinance to allow for residential housing developed by a religious developer as a permitted use in all residential or commercial zones if specified conditions are satisfied.

Effective: July 1, 2026.

Yoder, Hunley

January 8, 2026, read first time and referred to Committee on Local Government.



Introduced

Second Regular Session of the 124th General Assembly (2026)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2025 Regular Session of the General Assembly.

SENATE BILL No. 205

A BILL FOR AN ACT to amend the Indiana Code concerning local government.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 36-7-4-616.1 IS ADDED TO THE INDIANA
2 CODE AS A NEW SECTION TO READ AS FOLLOWS
3 [EFFECTIVE JULY 1, 2026]: **Sec. 616.1. (a) The following**
4 **definitions apply throughout this section:**

5 (1) "**Affordable housing**" means a residential dwelling unit
6 reserved for a household whose income does not exceed eighty
7 percent (80%) of the median income for the area as set out by
8 the United States Department of Housing and Urban
9 Development.

10 (2) "**Religious developer**" means a religious institution or any
11 property developer working on behalf of a religious
12 institution.

13 (3) "**Religious institution**" means a:
14 (A) bona fide church;
15 (B) religious denomination; or
16 (C) religious organization;
17 determined by the Internal Revenue Service to be tax exempt



under section 501(c)(3) of the Internal Revenue Code.

(b) Notwithstanding any other provision of this chapter, a zoning ordinance must allow for residential housing developed by a religious developer as a permitted use in all residential or commercial zones if each of the following conditions are satisfied:

(1) The development is located on property owned by the religious institution.

(2) The development has been approved by the legislative body of the unit with jurisdiction over the property where the development is to be located.

(3) The development exclusively contains affordable housing.

(4) The religious developer has obtained all other permits, including building permits, as required by law.

(c) A zoning ordinance adopted before July 1, 2026, is void to the extent the ordinance conflicts with this section. However, this section does not apply to or affect any application for a permit (as defined in section 1109(f) of this chapter) with regard to the development of residential housing by a religious developer that is:

(1) submitted to a unit before July 1, 2026; and

(2) pending approval or has been approved as of July 1, 2026;

as set forth in section 1109 of this chapter.

